

US Army Cost & Economic Analysis Center (CEAC)



BCEFM / CP-11 Career Field Proponent

18 Sept
02



www.ceac.army.mil

Subjects Covered

- ✓ **Organization and Mission**
- ✓ **Products & Services**
- ✓ **Cost Review Board Process**



Applicable Cost Guidance

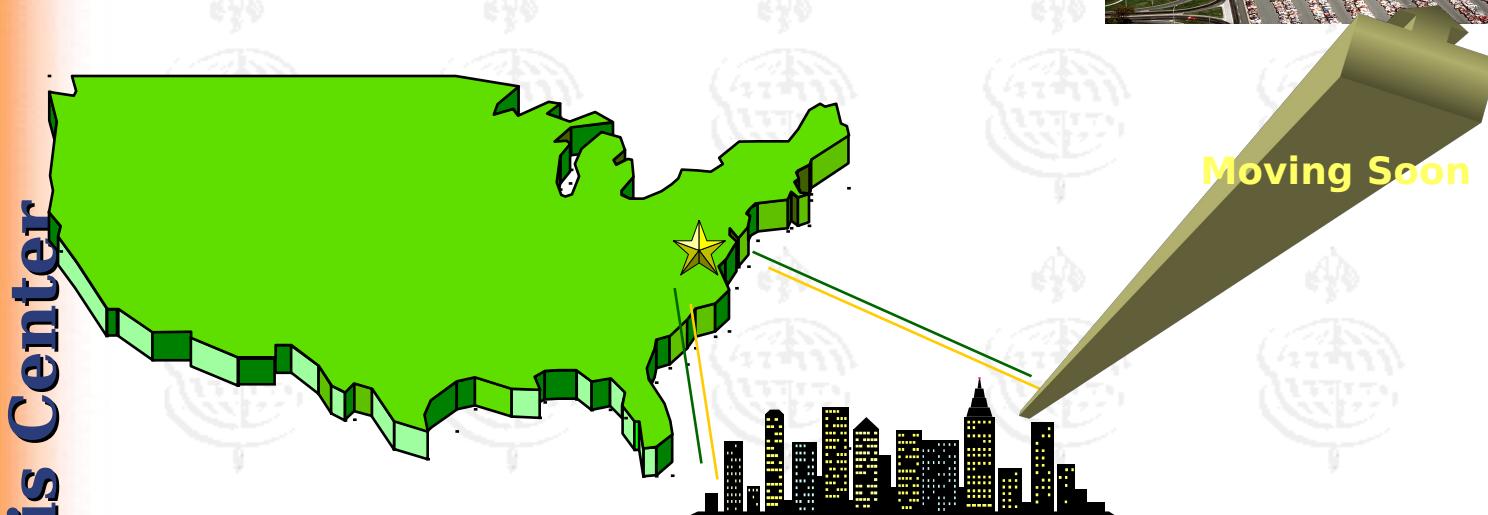
- ✓ **Congressional - Established Cost Requirement**
 - **DOD Authorization Act of 1984 (P) 98-94)**
 - **10 USC 2434**
- ✓ **Department of Defense (DOD)**
 - **DODD 5000.4 / M - Cost Policy & Guidance**
 - **DOD 5000.1 & 2 - Acquisition Requirements for Cost**
- ✓ **Secretary of the Army - Cost Management / Activity Based Costing**
- ✓ **General Order # 1 - Cost Responsibility**

CEAC's Mission & Vision

CEAC Mission Is to Produce Real-time Cost & Economic Analysis Products and Services, and Facilitate Accurate Estimates, Accelerated Knowledge, and Informed Decisions Throughout the Army.

CEAC Vision Is to Be the Center of Excellence for Cost & Economic Analysis Products and Services.

CEAC Location



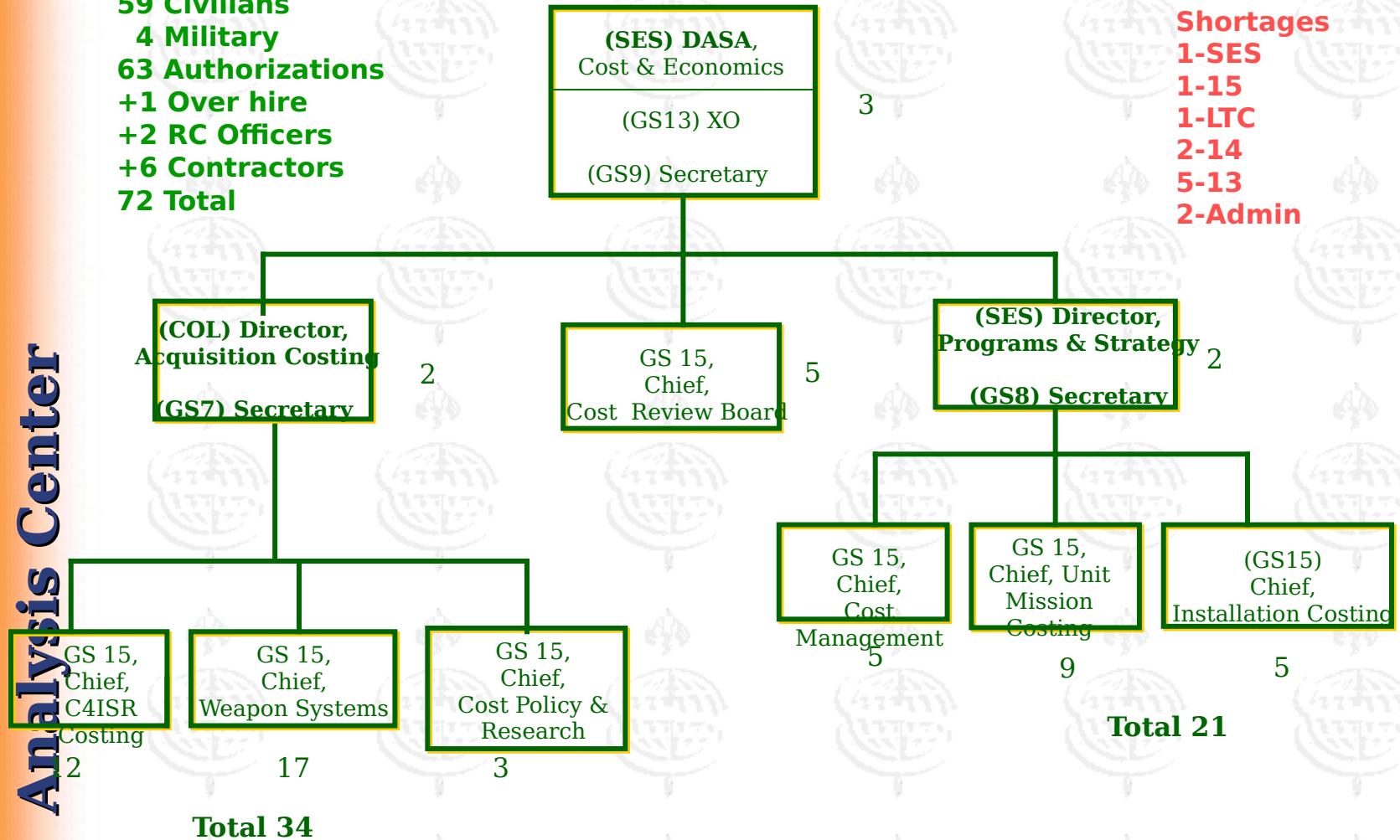
**1421 Jefferson Davis Highway
Arlington, VA 22202-3259**

The CEAC Re-Organization

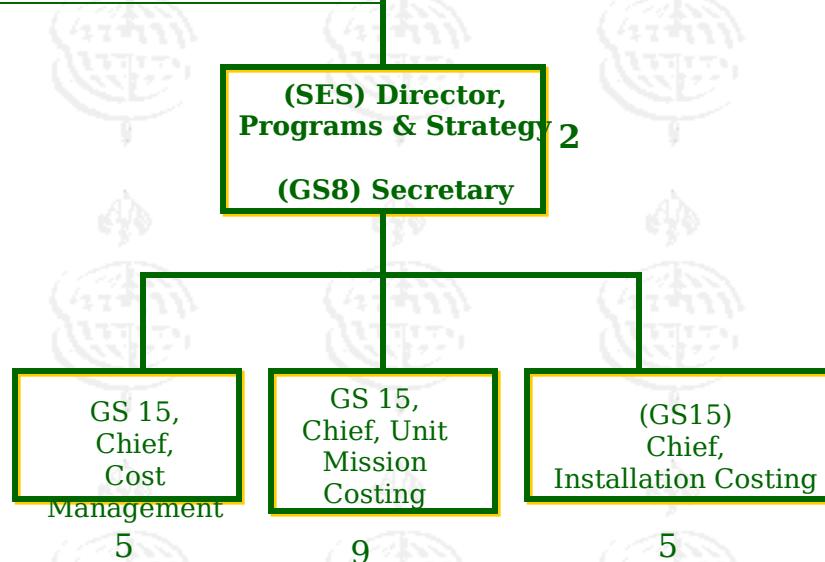
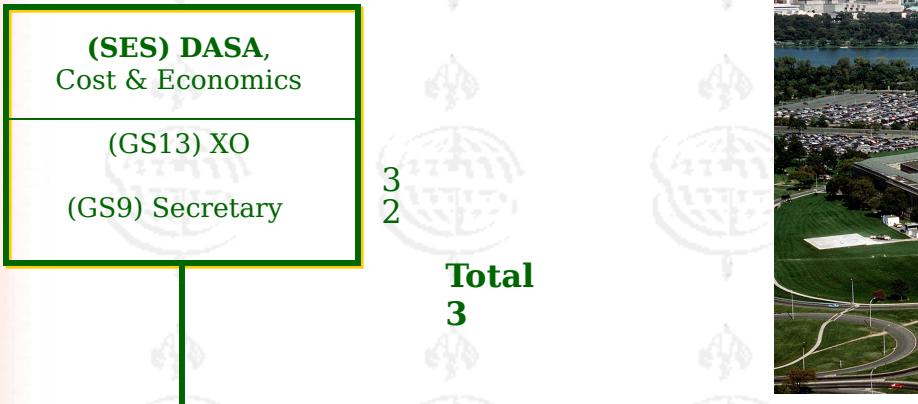
Deputy Assistant Secretary of the Army, Cost and Economic Analysis Center

59 Civilians
4 Military
63 Authorizations
+1 Over hire
+2 RC Officers
+6 Contractors
72 Total

Shortages
1-SES
1-15
1-LTC
2-14
5-13
2-Admin



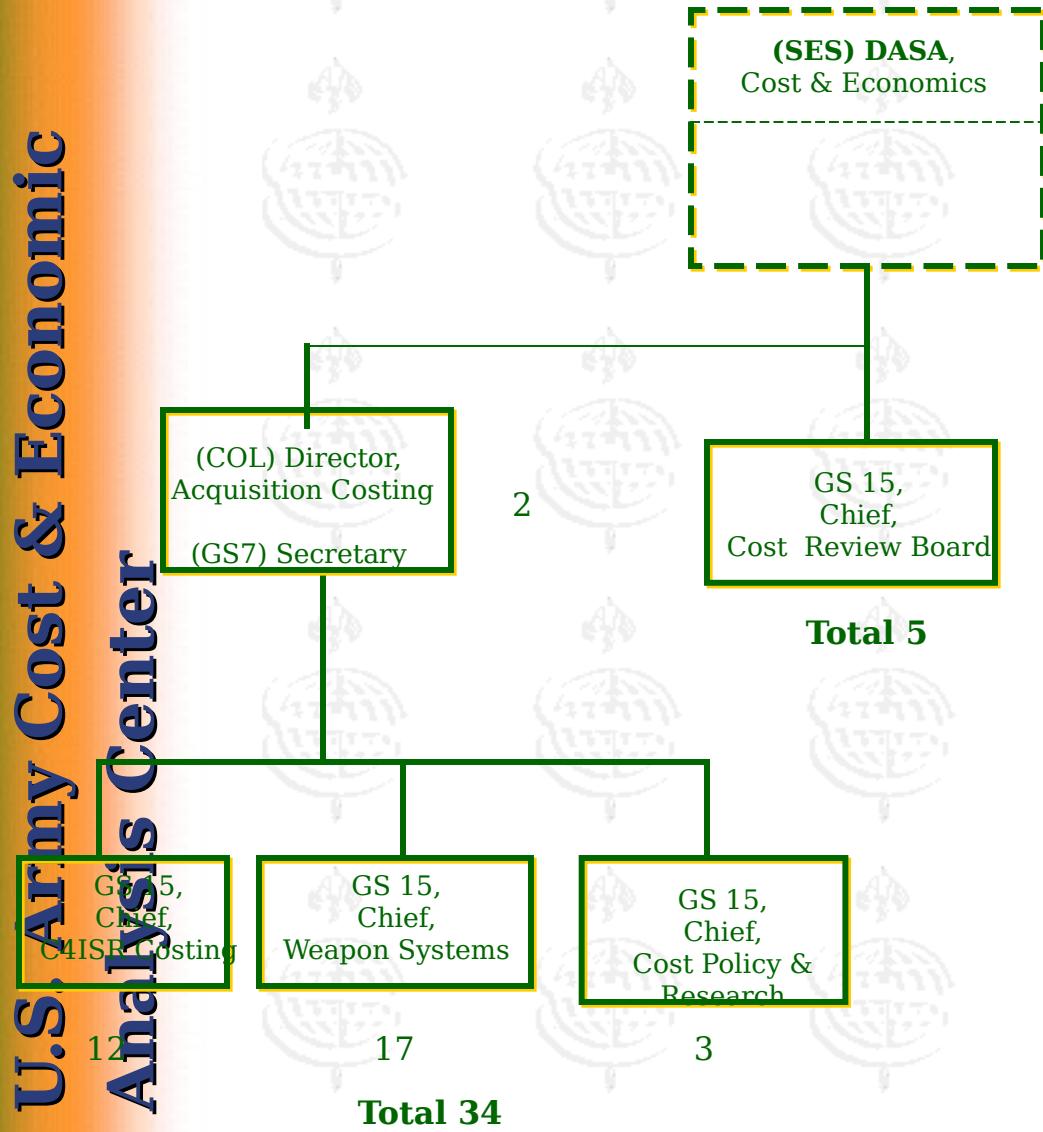
U.S. Army Cost & Economic Analysis Center



Total 21

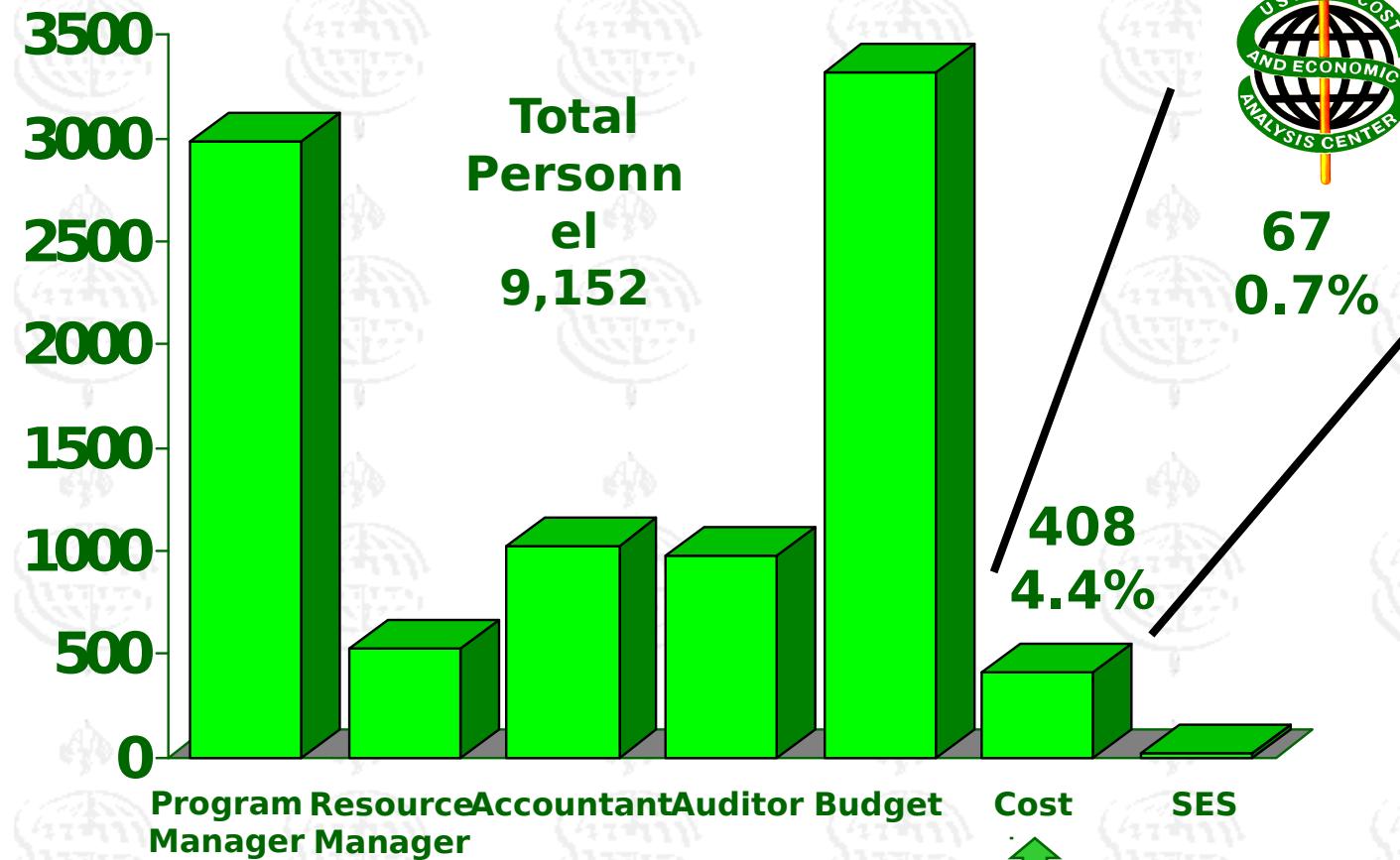
Total 24 TDA
Plus 1 non-add
Plus 4 contractors

U.S. Army Cost & Economic Analysis Center



Total 39 TDA
Plus 1 overhire
Plus 2 contractors

Financial Management - CP-11

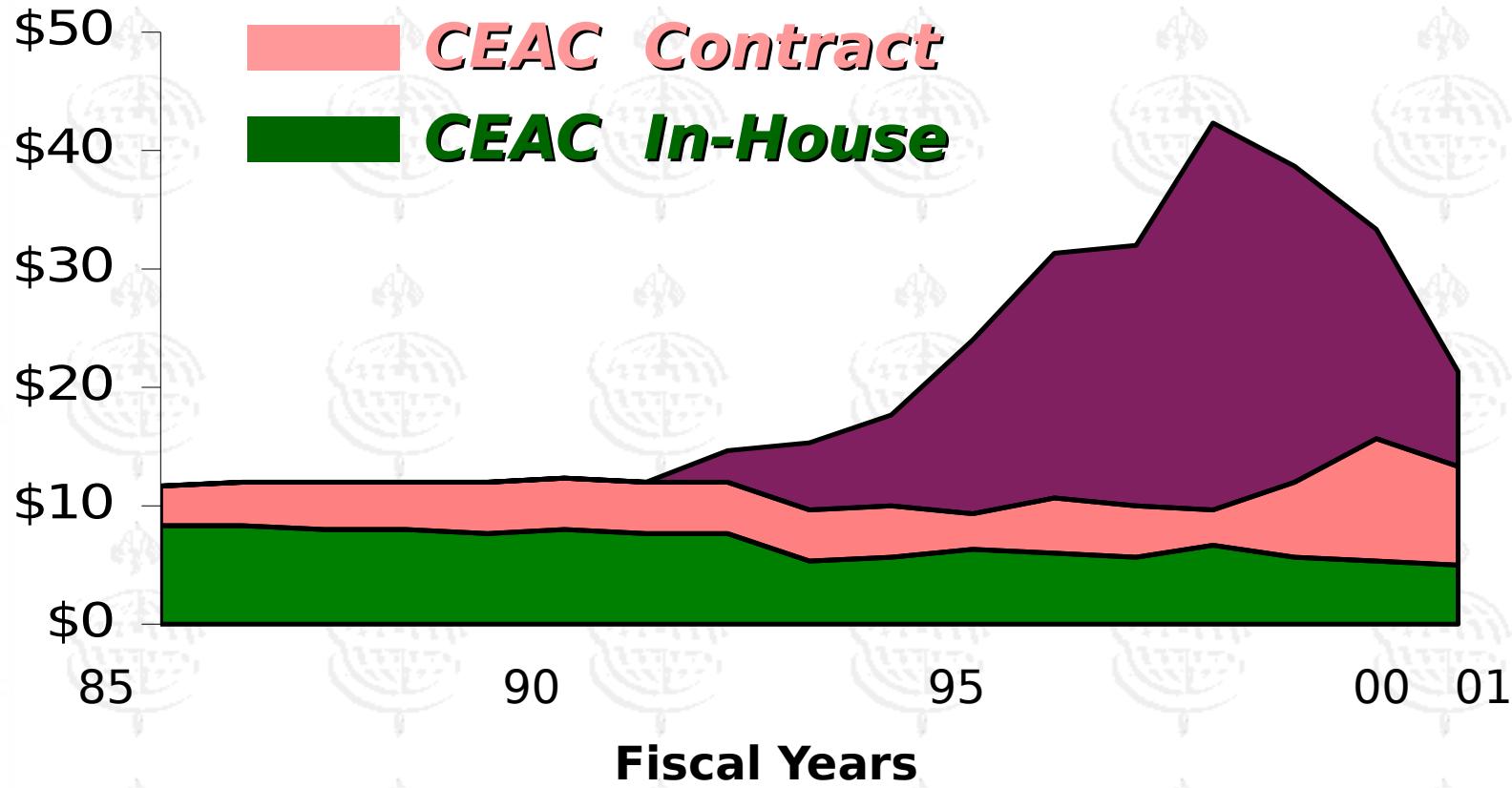


Acquisition & Financial
Management Certification
(PGEFMM/CP-11)

Cost Analysis Program



Customer Contract
CEAC Contract
CEAC In-House



CEAC Core Functions

- ✓ **Conduct Independent Cost Estimates for Weapons & Information Technologies Systems**
- ✓ **Produce Army Cost Positions Through The Army Cost Review Board**
- ✓ **Manage The Army Cost Research & Career Programs**
- ✓ **Conduct Force Structure, Weapon System Operations & Support, Personnel, and Installation Cost Analyses**
- ✓ **Manage Army Program for Cost Management / Activity Based Costing (ABC)**
- ✓ **Provide Cost & Economic Analysis Support to Programming and Budgeting**

CEAC Products & Services

Weapons / Information Systems*

✓ Conduct Independent Cost Estimates for
Weapons & Information Technologies Systems

- ✓ **Develop Component (Army) Cost Analysis and Independent Cost Estimate**
 - Major Defense Programs as Required
 - Major & Special Army Programs, i.e., Chemical Demilitarization
 - Army Cost Analysis Focal Point for Joint Programs
- ✓ **Develop Army Cost Position**
 - Establish Position for each Army and Defense Acquisition Review Board
 - Developed Through the Army Cost Review Board
 - Basis of Programming and Budgeting

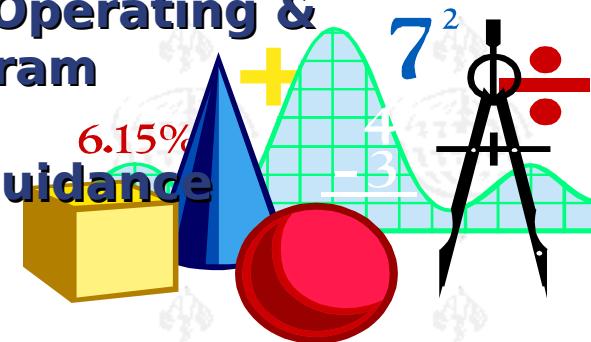
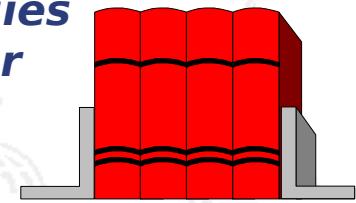
✓ Provide Cost & Economic Analysis Support to Programming and Budgeting

Critiqued By OSD Cost Analysis Improvement Group For Defense Acquisition Board

* The Term Information Systems Covers Communications / Electronic and Information Systems

Army Cost Policy & Procedures

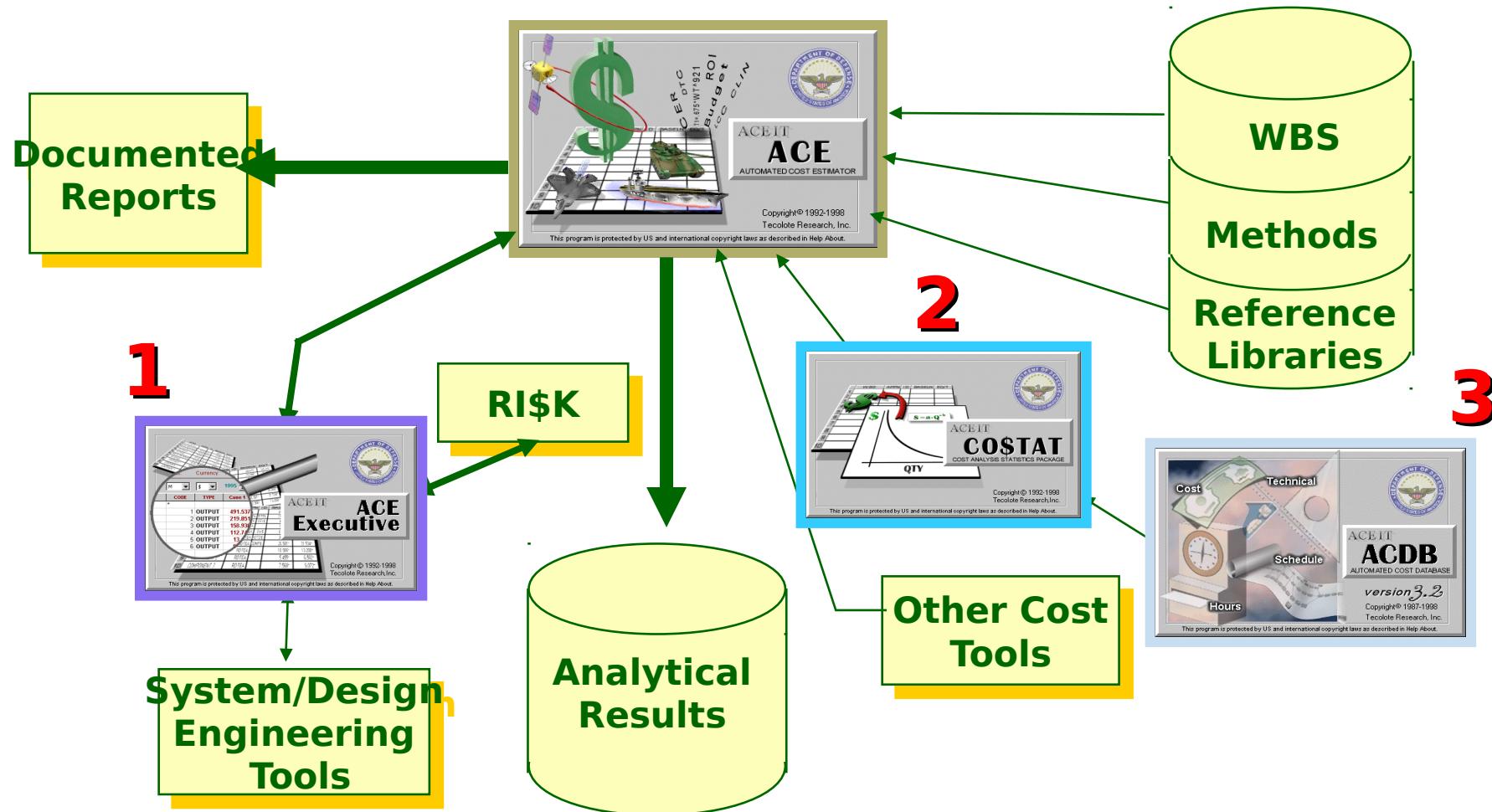
- **Cost Analysis Manual**
Provides Basic Frameworks for Methodologies & Procedures to Implement Policies for Better Cost Analysis
- **Economic Analysis Manual**
Provides a Strong Analytical Framework for Comparing Costs & Benefits of Alternative Courses of Action
- **Other Publications**
 - **Visibility and Management of Operating & Support Costs (VAMOSC) Program**
 - **Discount Rates for EA's**
 - **Life Cycle Cost Management Guidance**



Army Wide Tools, Models, Databases

- **ACEIT to Estimate System Costs**
 - ✓ *Automated Cost Estimator (ACE)*
 - ✓ *CO\$TAT - Built in Statically Package*
 - ✓ *Automated Cost Data Base (ACDB)*
- **OSMIS Source of Historical O&S Cost for > 1000 Systems**
- **Civilian & Military Costing Tools**
 - ✓ *Civilian Pay Rates / Execution Data*
 - ✓ *Cost of Military by Grade & Military Occupation Specialty (MOS) / skill*
- **Force (Unit) Costs & Contingency Operations**

ACEIT: Data Warehousing Through A Suite of Analytical Tools



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FORCES INFORMATION CENTER
Information Section

EMAIL QUESTIONS OR COMMENTS



OSMISWEB



FORCES ONLINE



**Website (2 yrs)
518 Users
21,863 Hits**

UPDATE
May 13, 2002

UPDATE
July 15, 2002



Click to Install the Force Cost Model (FCM)

Click to Run the FCM Tutorial

Click to Run Cost Factors Handbook

Install Army Contingency Operations Cost Model

Click to Install End Strength Reduction Model



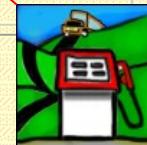
Welcome to the OSMIS Relational Database



the OSMISWEB! The CLASS IX data is currently being updated and will be back online ASAP!

The OSMIS Relational Database is presented to you by the U.S. Army Cost and Economic Analysis Center (USACEAC). Through the Relational Database users will be able to query the following data.

Query Information		Additional Information
Weapon System O&S Costs	Class III POL Costs	NSN/NIIN Attributes
Weapon System Density	Class V Ammunition Costs	UIC/Unit Attributes
Weapon System Activity	Depot End Item Maintenance Costs	Class II&IV Costs
Weapon System OPTEMPO	Depot Secondary Item Maintenance Costs	OPTEMPO Based Cost Factors
Class IX Materiel Parts Costs	Intermediate Maintenance Costs	OSMIS Weapons Definitions
	Work Breakdown Structure (WBS) Costs	



[PRESS TO LOGIN TO OSMIS RELATIONAL DATABASE](#)



WARNING !!!

This is a Department of Defense (DOD) interest computer system. All DOD computer systems are subject to monitoring at all times to ensure proper functioning of equipment and systems, including security devices, to prevent unauthorized use and violations of statutes and security regulations, to deter criminal activity, and for other similar purposes.

If monitoring of this or any other DOD computer system reveals possible evidence of violation of criminal statutes, this evidence and any other related information, including identification information about the user may be provided to law enforcement officials.

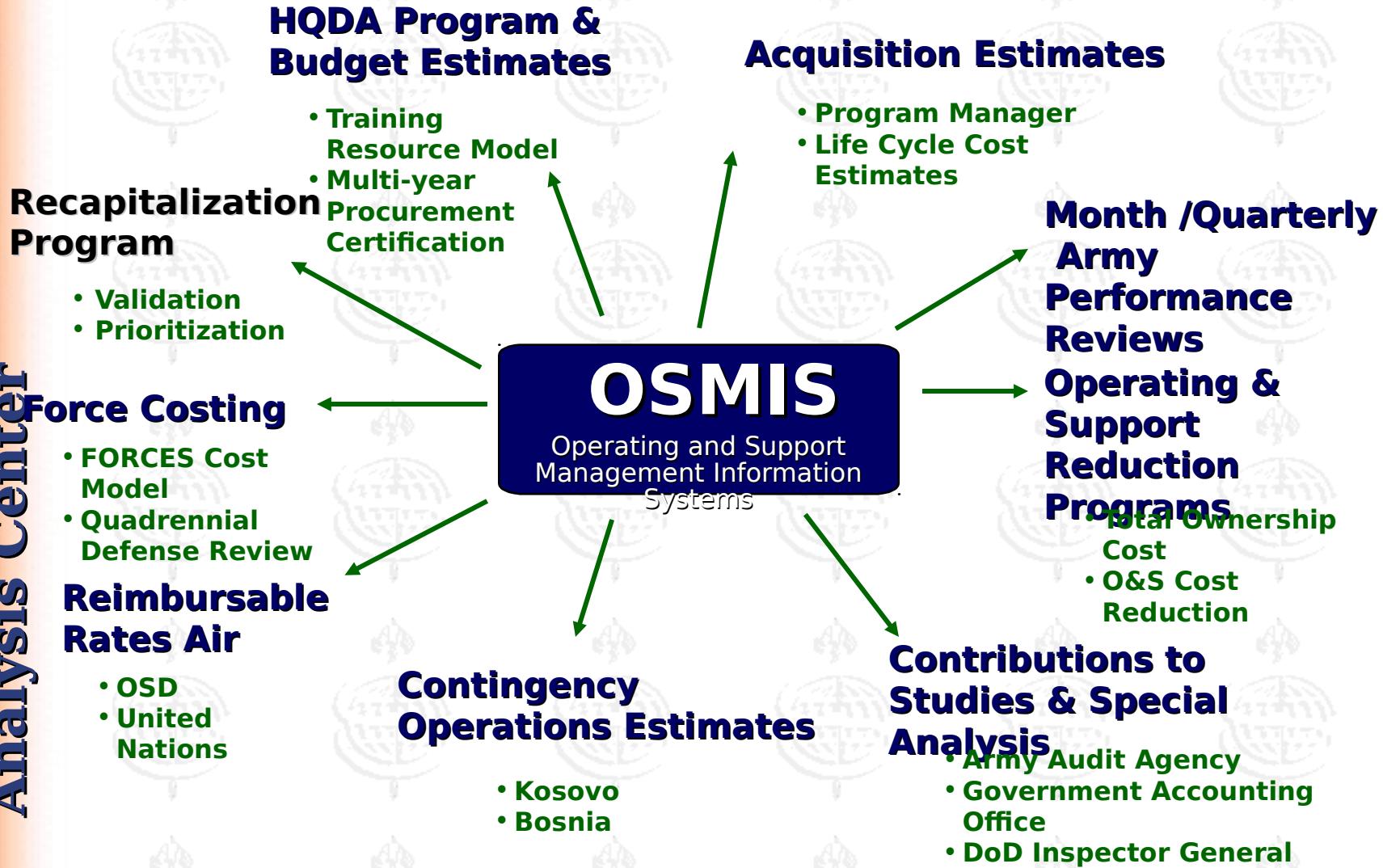


- Tracks 1058 Weapon Systems / Variants
- 9 Years of Historical Data
- Currently >1400 Users



- Averages 33,000 Hits Per Year
- Averages 100 Hits Per Day
- 20+ New Users Per Week

Army OSMIS Supports Many Customers



Costing Civilian & Military Personnel

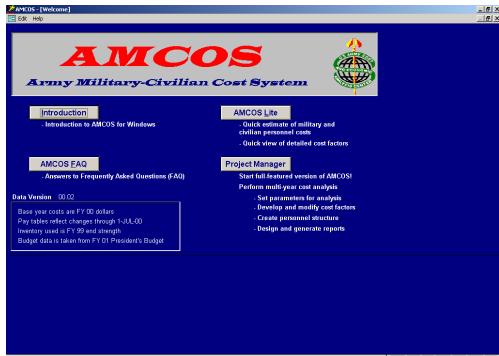
Web Based
“online”

- **The Army Military Cost System (AMCOS)**

- ✓ Active Military, Reserve Component/ National Guard
- ✓ Produces Cost Estimates by Grade & Military Occupation Specialty
(MOS)/skill
- ✓ Variety of Military Pay Cost Factors (E.G., Base Pay, Training Costs, PCS, Medical Benefits, Retirement, Special Pay, Locality Pay)

- **The Civilian Cost System (CCS) - MACOM / Installation Partnership**

- ✓ Tracks Monthly Civilian Pay Execution Data - AMSCO, EOR, Etc.
- ✓ Web “Error” Reports Pinpointing Problems
- ✓ Correct Errors As Part of Rate Generation Process



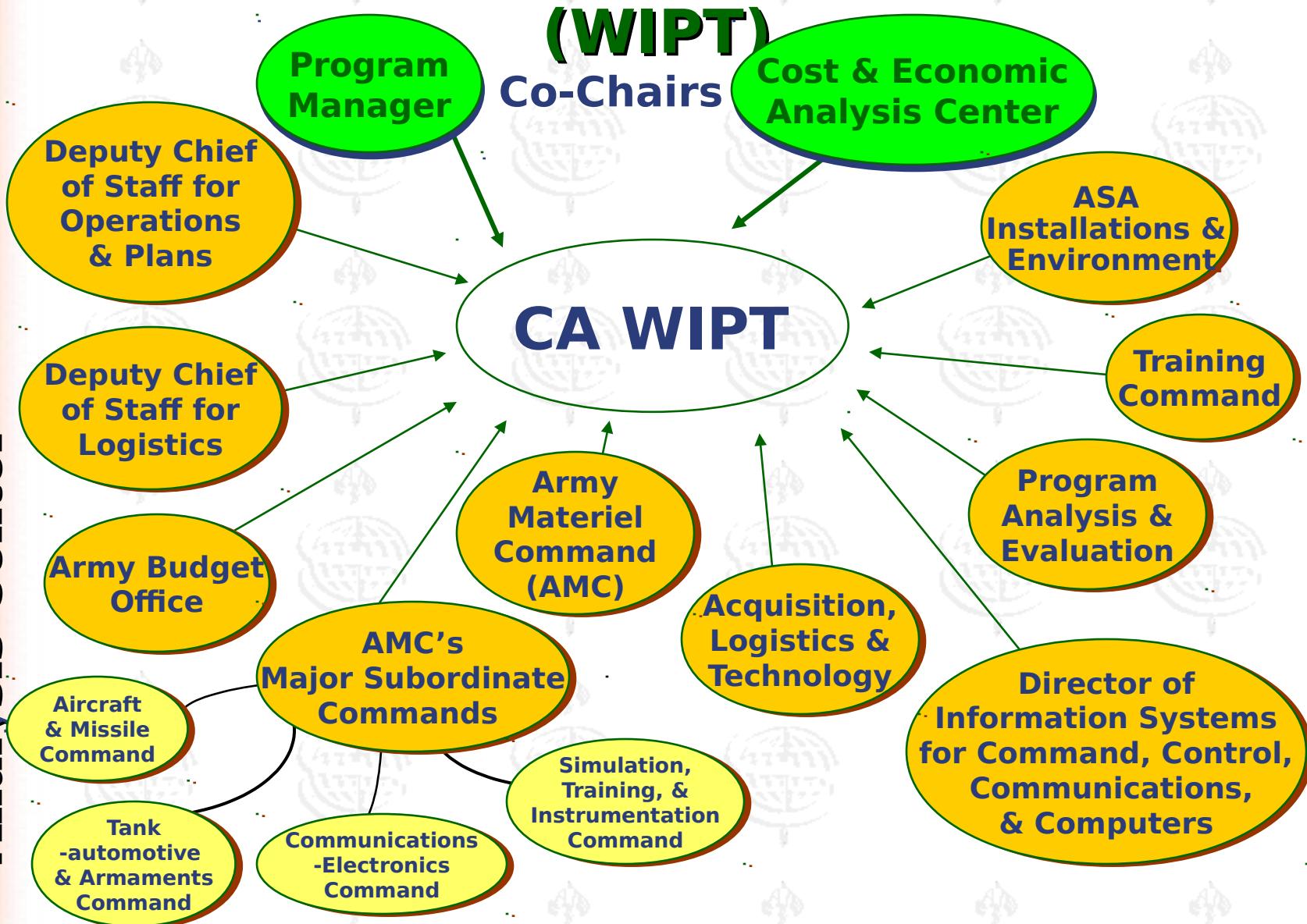
Army Wide Implementation of Cost Management / Activity Based Costing (CM / ABC)



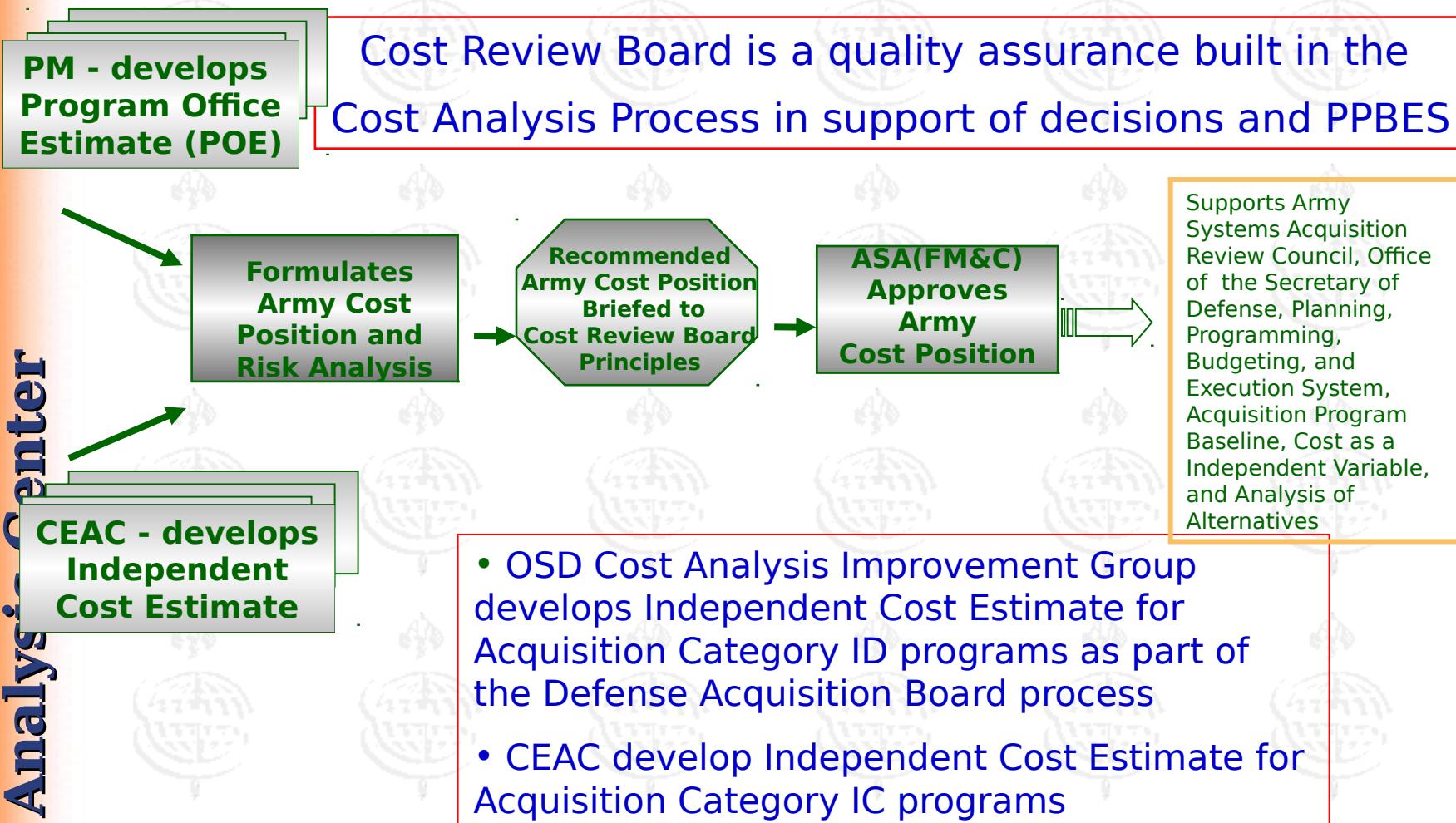
- ✓ Manage Army Program for Cost Management / Activity Based Costing (ABC)
- ✓ **Develop Plans**
 - Develop the Army Strategic Plan / Obtain OSD Approval
 - Review & Approve Business Area Plans
 - Assess Business Area Implementation Progress
 - Status Reported in Quarterly Army Performance Reviews
- ✓ **Manage Army Wide ABC Software / Sustainment**
- ✓ **Provided CM / ABC Training**
 - Initial Training to Business Area Staff
 - Establish Cost Management / ABC Courses



Cost Analysis (CA) Working-level Integrated Process Team



CRB Process Overview



When Cost Estimates Are Prepared

Comparison of Old vs. New Acquisition Process

MS 0

MS I

MS II

MS III

Systems past MS II continue with "old" process

**O
L
D**

Concept Exploration

Program Definition & Risk Reduction

Engineering & Manufacturing Development (EMD)

Production, Fielding/ Deployment



**N
E
W**

Concept Exploration

Component Advanced Development

System Integration

System Demo

Production Readiness & LRIP

Rate Production & Deployment

Support

Concept & Technology Development

Pre-Systems Acquisition

System Development & Demonstration

Production & Deployment

Sustainment

New start programs begin at MS A - C

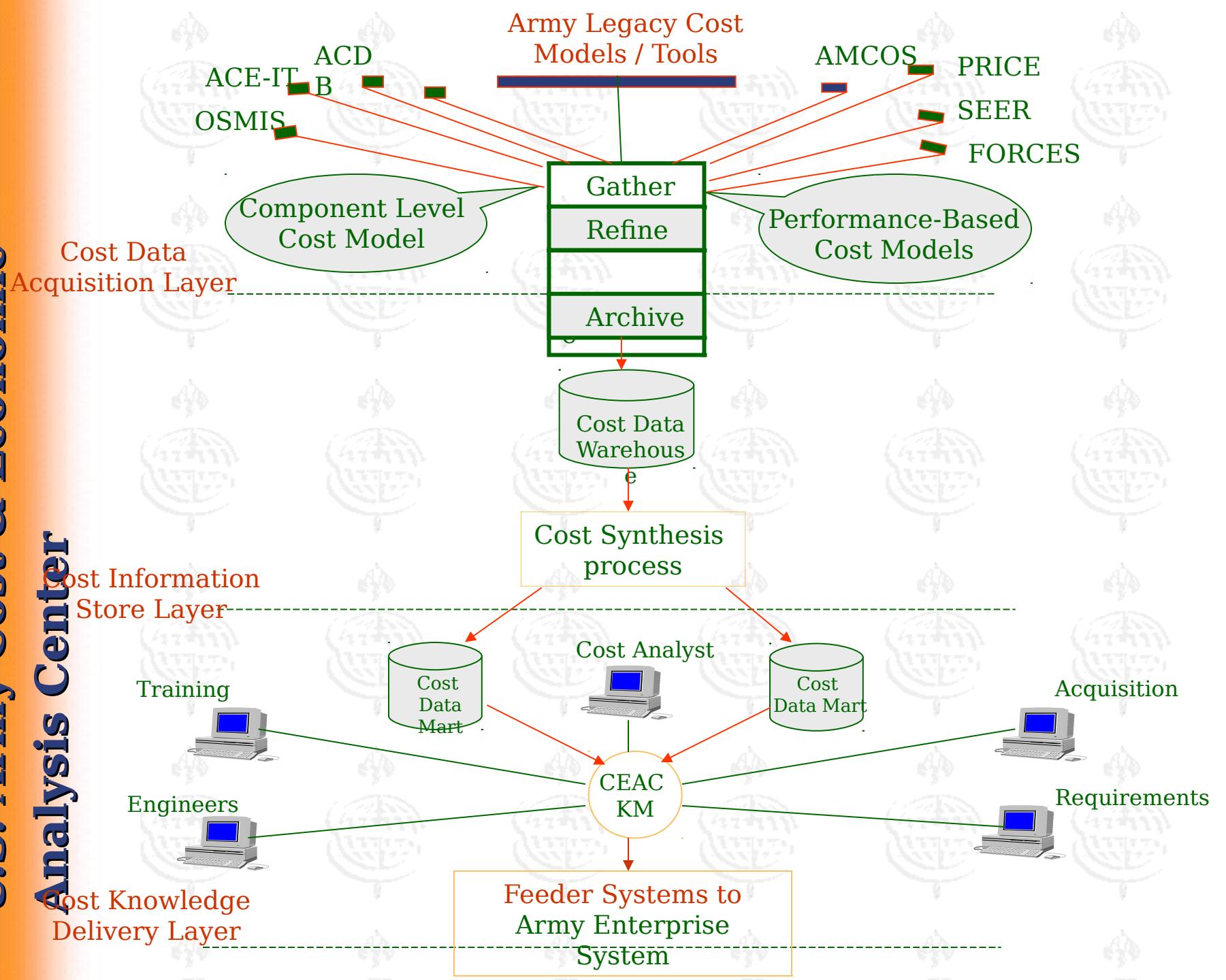


**SMART
Costing**

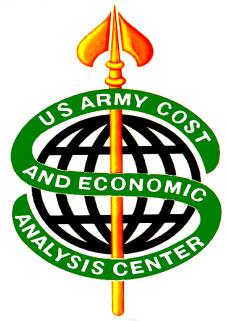
- **Implement CAIV**
- **Develop Performance-Based Cost Models**
- **Develop Component-Level Cost Models**

Systems Acquisition
(Engineering and Manufacturing Development, Demonstration, LRIP & Production)

U.S. Army Cost & Economic Analysis Center



Summary



**Cost and Economic Analysis
Products and Services Are
Essential and Integral To Army's
Financial Management, Decision
Making, Business Management
And PPBES Processes**